this demand is not met through legitimate channels, it will only encourage smuggling. I believe the policy of liberalising import of gold through legitimate channels is a correct policy. It has curbed* smuggling, it has not wiped out smuggling. It has given an opportunity for Indians who reside abroad for six months or one year to bring on part of their savings in the form of gold. It is true that there will be some misuse of any scheme and I am willing to concede Mr. Kumar's point that there could be a few cases where the scheme is misused. We will address ourselves to that misuse. But if you scrap the scheme, I have no doubt in my mind, we will go back to the days of rampant gold smuggling and we surely do not want to go back to the days of rampant gold smuggling. We must meet the demand for gold in India through legitimate import of gold. Gold is not like narcotics, gold is not like drugs, gold is not *res extra commercium.* I think this antipathy to gold is reflected only in a few people. The people of India do not have any antipathy to gold.

SHRI R. K. KUMAR: I am not for scrapping of gold import.

THE VICE-CHAIRMAN (SHRI AJIT P. K. JOGI): He has given a very satisfying answer. Please sit down.

SHRI JOHN F. FERNANDES: This policy is very commendable. This policy has become a great success and the smuggling of gold has been checked. But the problem now is that you have the cellular phones and the people, the NRIs who bring in gold are robbed because they make use of cellular phones. I do not know who passes on the information. It is only possible with the connivance of the customs officials.

I would like to know from the hon. Finance Minister whether he will provide safe deposit vaults in the banks located within the customs premises. I think he has banks within the customs premises. I would like to know whether he will provide in them safe deposit vaults so that when an NRI comes, he can deposit his gold in the banks within the customs premises and take it away whenever it is convenient to him.

SHRI P. CHIDAMBARAM: Sir, it is a very good suggestion and I will consider it.

THE VICE-CHAIRMAN (SHRI AJIT P. K. JOGI): Now, Question No. 222.

Sick/Weak units in IRBI Portfolio

*222. SHRI NILOTPAL BASU:†
SHRI DIPANKAR MUKHERJEE:

Will the Minister of FINANCE be pleased to state:

(a) the number of sick and weak units (large and medium scale) as on 31st March, 1996, in the IRBI portfolio;

(b) the outstanding amount involved;

(c) the number of workers involved; and

(d) whether the recently converted Industrial Investment Bank of India (II BI) would take over the rehabilitation jobs of the above portfolio of sick units from IRBI?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM): (a) to (d) A Statement is laid on the Table of the House.

Statement

(a) to (c) The total number of sick and weak industrial companies in the Industrial Reconstruction Bank of India (IRBI) portfolio as on 31.03.1996 was 368. The outstanding amount against these companies as on that date was Rs. 452.11 crore. The details of the number of workers in these companies are not maintained by IRBI.

(d) The proposed new company Industrial Investment Bank of India

†The Question was actually asked on the floor of the House by Shri Nilotapal Basu.

would take over the loan portfolio of IRBI, including that pertaining to sick industrial companies.

SHRI NILOTPAL BASU: Sir, at the very outset, I would like to thank the hon. Minister for assuring the House that the portfolio of sick and weak industrial companies which are with the IRBI will be carried over to the IIBI when the legislation is enacted. At the same time, it is not correct to say thai the details of the number of workers in these companies arc not maintained by IRBI because I am given to undcistand that about 1,10,000 workers arc involved in this. There is some kind of inaccuracy in this. The point here is that when the IRBI becomes a fullflcdged development bank, how will the new IIBI deal with the sick and weak industrial companies because the issue here is to get cheap resources to nurse the sick and weak industrial companies. Earlier, the Government of India was guaranteeing the SLR bonds for taking care of the revival plans. Now, will the Minister assure the House, just as he has assured that the IRBI's portfolio will be carried over, that during the interim period the instrument of SLR bonds guaranteed by the Government of India will also continue because the total equity which is provided for IIBI in the new Bill comes into operation immediately?

SHRI P. CHIDAMBARAM: Sir, a Bill is coming up before the House later today and hon. Members will have an opportunity to speak on it. I propose to make the authorised capital of IIBI, which will be a new company once the Bill is passed, Rs. 1,000 crores. I also propose to allow IIBI to access the capital market for funds. To the specific question whether some part of the SLR bonds will be provided to IIBI, the answer is 'yes'. But I cannot say how much it is going to be. That is a matter which we have to discuss with the Governor, RBI and make an allocation among all the institutions which have a claim onthe SLR bonds. But surely some part of the SLR bonds will be made available to IIBI.

SHRI NILOTPAL BASU: Sir, I again thank, the Minister and proceed to the second supplementary. It is about NPA which forms a major part of Rs. 452.11 crores which was outstanding. I believe that the proportion of NPA is very high. This is a very, very misleading phenomenon because in many cases the companies may be sick, but their owners are not sick. The point, therefore, is: What practical steps will be taken to make the recoveries? Firstly, will the Minister be kind enough to spell out the NPA part of it? Secondly, what are the possibilities of recovery of this NPA? Thirdly, how many people, the owners of the sick companies whose companies account for the huge NPA, are not sick even though their companies have become sick?

SHRI P. CHIDAMBARAM: Sir, as the hon. Member pointed out, the NPA percentage of IRBI is quite high. It is 32.1% as on 31.3.1996. Out of a total portfolio of Rs. 1,208.63 crores, the NPA accounts for Rs. 388.04 crores. This is, of course, the accumulated NPA over the years. Part of it is because of what is called behest-lending. When companies were taken over, IRBI was directed to lend to these companies and behest-lending constitutes Rs. 134.98 crores. BIFR-related cases contribute Rs. 131.58 crores. When the Bill is debated, my colleague will explain the restructuring. We are trying to clean up the balance-sheet. Part of this behest-lending and the interest on behest-lending is proposed to be written off. Part of it is proposed to be converted into preference shares. So, I hope that at the end of this exercise I will be able to clean up the balance-sheet of IRBI. There is no point in rueing over what has happened in the past. But given the function of IRBI, as originally concved, namely, to rehabilitate sick companies, it is quite natural that it will have a larger NPA portfolio than a comparable developmental financial institution.

Now, IRBI's portfolio consists of 999 companies and the total outstanding is. as 1 said, Rs. 1,208 crores. Steps will be taken to recover as much as possible. A number of steps have been taken and we will ensure that even after it is converted into IIBI, steps will be taken to recover these loans. As to the last part of the question, I suppose that the hon. Member asked it with his tongue firmly in his checks -- how many owners are not sick and how many companies are sick. Well, I think, most of these owners are in Bengal. And he should be able to answer that question.

SHRI NILOTPAL BASU: But, Sir, he has not replied to the question. What steps for recovering NPA will be taken?

SHRI P. CHIDAMBARAM: Okay. Sir, the top ten are Bengal Potteries, National Rubber Manufacturing Co. Ltd., Inchek Tyres, UP State Sugar Corporation, Shree Durga Cotton Spinning and Weaving Mills, National Textile Corporation, National Jute Manufacturing Corporation, Stilbene chemicals, Indian Rubber Co. and Khalilabad Sugar Co. Even while reading the names, you will know the state of these companies. Now, I will do my best to recover and I will ask the IIBI to do its best to recover. There are difficulties.

SHRI DIPANKAR MUKHERJEE: Sir, my question is a small one. It is regarding IRBI opting as an operating agency for sick units as per the directive of BIFR. I attend BIFR meetings and I understand that in some cases where IRBLhas no exposure, it has to act as an operating agency without any reimbursement. I am also given to understand that BIFR has given a specific directive to them that as per the act there is no such provision where someone can be forced to give reimbursement of the rehabilitation package prepared by IRBI. In case the Minister is aware of it, how is he going to reimburse to IRBI in these 108 or 115 cases, where IRBI is the operating agency but it has no exposure and it is not being reimbursed all its expenses towards rehabilitation packages?

SHRI P. CHIDAMBARAM: Sir, I am not aware of this particular difficulty. My information is that there are 45 BIFR cases. In 18 cases IRBI is the operating agency and in 27 cases IRBI is not the operating agency but it has an interest in the rehabilitation. Now, I am not familiar with what the hon. Member is pointing out. I think what he says is that IRBI has been appointed as an operating agency without any provision for reimbursing it for its efforts. I will look into the matter. I am sure there must be some provision where BIFR asks the company to pay a certain fee. But I will certainly look into it.

DR. BIPLAB DASGUPTA: Sir, I have two questions to ask. It is actually one question which has two parts.

THE VICE-CHAIRMAN (SHRI AJIT P.K. JOGI): You can ask only one quesiton, not two.

DR. BIPLAB DASGUPTA: I will ask only one question, but it has two parts. The first part is this. There is some anxiety in Bengal and other parts of India that by redefining the role of this bank, you arc going to give low priority to the whole question of revival of these sick units. Earlier IRBI was exclusively concerned with sick units.

Now, IRBI's role is being redefined to include all kinds of development banking. My first quesiton is: Are you going to lose the focus on the sickness by doing that? The other related question is, if you do that, if you make it a general development bank, it would be like a pygmy in the world of giants. It will have a capital of something like Rs. 71 crores whereas the IDBI and others would be stronger and bigger players. I want to know whether in the redefined role with such a small capital base IRBI can make anylmpact on the sickness.

SHRI P. CHIDAMBARAM: Sir, we if don't redefine... *(Interruptions)*...

THE VICE-CHAIRMAN (SHRI AJIT

P.K. JOGI): Let the Minister reply.

SHRI P. CHIDAMBARAM: Sir, if we do not redefine the role of 1RBI. I am afraid, IRB1 itself will become sick, it is perhaps on the way to becoming sick. There was a time when the focus of IRBI was, and correctly was, to rehabilitate sickness, but there is no reason to believe that industries in that part of India, eastern and north-eastern part, require only a nurse for sickness and don't require an institution which will help development. Therefore, I made this promise in my last Budget Speech and, I believe, it was widely welcomed by everyone in this House as well as in the Lok Sabha. I am implementing that promise by bringing in the Bill to convert IRBI into a fullfledged developmental financial institution with head-quarters in Calcutta. I have already, in my main answer, assured . the House that the portfolio of sickness now being carried by IRBI, will continue to be carried by IRBI. Like any other developmental financial institution, IDBI, ICICI, IFCI, the new IIBI will promote development. It will also operate as an operating agency whenever BIFR asked it to do so. It will also help rehabilitating a certain number of sick units, but I don't think we should get fixed on this focus on rehabilitation. Rehabilitation is one function of a developmental financial institution, but the main function, I submit most humbly, of a developmental financial institution is to promote new industries, to promote new capacities, to promote greater employment. I believe, IIBI will function in the manner other developmental financial institutions are functioning because I sincerely believe there is a need for such an institution with headquarters in Calcutta.

As regards capital, as I said, the authorised capital of the new company will be Rs. 1,000 crores. I am told, I recall, that IFCI also has a capital of only Rs. 1,000 crores. Over a period of time, this capital can be expanded. I am going to do my best to make IIBI a success.

†The Question was actually asked on the floor of the House by Shri Dipanker Mukherjee.

Non-performing advances in Banks and Financial institutions

*223. SHRI DIPANKAR MUKHERJEE:†
DR. NILOTPAL BASU:

Will the Minister of FINANCE be pleased to refer to the answer to Starred Question 93 given in the Rajya Sabha on 16th July, 1996, and state:

(a) total Non-Performing Advances in Banks and Financial Institutions during 1995-96 and 1996-97 (provisional);

(b) recovery through Debt Recovery Tribunal and compromise settlements during the above period;

(c) amount targeted for recovery in 1996-97 and 1997-98;

(d) number of big borrowers having an outstanding of more than Rs. 100 crore as on 31st March, 1996; and

(e) sepcial action plan for recovery of debts from large borrowers'?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM): (a) to (e): A Statement is laid on the Table of the House.

Statement

(a) and (b) As on 31.3.96 the non-performing assets of the public sector banks (PSBs) were Rs. 39583.94 crore and Rs. 7141.93 crore for the financial institutions (FIs). Recoveries made by the PSBs through Debt Recovery Tribunals is Rs. 140.27 crores. Recoveries through compromise settlement has been Rs. 2120.99 crores in respect of PSBs and Rs. 601.31 crores in the case of FIs.

(c) NPA figures for 1996-97 shall be available only after the classification of accounts as on 31st March, 1997 has been completed. As per the annual discussions with RBI, nationalised banks have made commitments for reduction in NPA by